GOVERNMENT INTERNAL AUDIT PLAN

1992 - 1993

EVALUATION AND AUDIT BRANCH
OFFICE OF THE COMPTROLLER GENERAL

OCTOBER 31, 1991

93-00019/

1992-93 GOVERNMENT INTERNAL AUDIT PLAN

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INTRODUCTION

The 1992-93 Government Internal Audit Plan (GIAP) retains the same objective as previous years:

> **to** *share audit based information between the central agencies, departments and external audit agencies; and, to promote internal audit as a value added activity for management decision-making.*

The sharing of audit based information between Departments and Central Agencies contributes positively to the IMAA and PS 2000 philosophies. Sharing information within the audit planning process helps both Departments and Central Agencies to fulfil their needs, individually and collectively.

The 1992-93 GIAP is a combination of:

- **the GIAP theme;**
- **a view of those environmental factors which will strategically influence audit; and,**
- **appendices on:**
  - **areas of audit interest, priority concerns and audit guidance as expressed by Treasury Board Policy Centres;**
  - **audit planning information from the Auditor General, the Privacy Commissioner of Canada, the Official Language Commissioner and the Public Service Commission; and,**
  - **environmental auditing.**

1992-93 GOVERNMENT INTERNAL AUDIT PLAN THEME

The theme of the 1992-93 GIAP is neither new nor startling. The theme, which is blunt, is a distillation of the thinking expressed in *The Internal Audit Function in the Government of Canada - Strategic Planning Guidance - April 19, 1991.*

Is your Internal Audit function in the mainstream of management in the department?

Does it add value?

Internal auditing is a service to the organization and must provide value added within the current government milieu. Audit must be in, and be seen as being in, the mainstream of departmental management - part of the departmental accountability process.

Within our changing management environment, an environment of IMAA, PS 2000, Self Assessment, Management Representations and Shared Management Agenda, auditors, besides their more traditional concern for prudence and probity, have the task and the opportunity to make major contributions. These opportunities exist in such areas as:

- **improvements in service to the public;**
- **improved management control frameworks; and,**
- **more productive use of resources - people, capital and annual appropriations ..... .**

By so doing, internal audit ensures that it is solidly situated within the mainstream of departmental management.

Management in both the private and public sectors are putting audit to the test today. How would your Deputy Head, Audit Committee and auditees respond to the following questions?

Would they buy the products produced by internal audit?
Would they consider that these products are worth the cost of production - direct and indirect cost?
Would they say that internal audit products and advice significantly contribute to the successful management of the main business of your department?
Would they strongly agree that internal audit plans, advice and reports contribute to their responding to the far reaching effects of PS2000 and continued resource restraint?
Would they agree that audit tries to identify and report on best/innovative practices?

Would they say that they see and consistently use internal audit as the departmental centre of expertise on aspects of the management control framework?

Would they say that audit plans and audits reflect their priorities and are an appropriate balance between control and effectiveness and between operational and management control concerns?

If affirmative responses predominate, in all probability internal audit is already a participant in the mainstream of departmental management.

To successfully perform, internal audit must have the confidence of the Deputy Head and senior departmental management. Internal audit must be recognized as being an essential part of management, not apart from, not an appendage.

Auditors through their day-to-day contacts, plans, briefings, advice, reports etc., must demonstrate a thorough understanding of the department, its mission, values, goals, objectives, priorities, issues and strategic plans. Auditors must, with leadership from senior management, establish an audit plan which addresses major departmental concerns within a context of government wide priorities. These plans should complement those of other review functions, such as program evaluation, and dovetail with the department's strategic direction.

Auditors and their products, even when engaged in retrospection, must demonstrate that they are looking towards the future - looking for opportunities for improvement - how to make things better.

The challenge for the Internal Audit community is to be flexible enough to meet new demands, a new expanded role, a new set of expectations, without forgetting the continued need for and the importance of its root business. If it does not, the community will quickly become inconsequential, expendable, an ineffective appendage.

Responsibility for positioning internal audit in the mainstream of management is shared by departmental internal audit groups and the Evaluation and Audit Branch of the Office of the Comptroller General of Canada.

Some internal audit groups are already there. Others are close behind while the remainder are still working to gain acceptance and change classical perceptions of audit.

The Evaluation and Audit Branch through *The Audit and Review Branch - Strategic Plan - July 17, 1990, the Evaluation and Audit Branch 1991-92 Operational Plan and The Internal Audit Function in the Government of Canada - Strategic Planning Guidance -April 19, 1991* **{available on the OCG's Audit Information Network} is committed to directly and indirectly work to anchor internal audit in the mainstream. Monitoring, training, publications, community development, staffing support, senior management intervention and related activities, all are, and will be, in consultation with the community, carried out with the objective of making internal audit a valued and integral management function.**

THE AUDIT ENVIRONMENT

The Federal Public Service today is re-focusing on the basic principles of management. Service is being emphasized. In effect *service* is the business we are in. Restraint, productivity, people management, empowerment, personal accountability, among others, are the indicators on which service will be measured and are an integral part of today's environment. Nevertheless, never out of the public mind are prudence, probity, compliance and control.

The concept of *comprehensive* auditing within the federal government is painted with an extremely broad brush. Government provides services to the public running from cradle to grave. Within this broad context, audit plans should, with a logical link to risk assessment, be conscious of Public Service wide goals which include improved service to the public, better people management, and, innovation and empowerment.

Public Service 2000, Increased Ministerial Authority and Accountability {IMAA} and Shared Management Agenda {SMA} all emphasize service to the public and the importance of human resource management. Under the umbrella of PS 2000 there is an explicit direction towards increased delegation of authority and responsibility from the Treasury Board to Departments. There is a corresponding expectation that this increased empowerment will be pushed downwards in departments.

The Internal Audit Function in the Government of Canada - Strategic Planning Guidance -April 19, 1991 **document states:**

> *"Revisions to policies resulting from the IMAA initiative may mean less auditing of compliance with policy procedures and more auditing of effectiveness of policy implementation and the effectiveness of the delegation".*

Managers under the PS 2000 philosophy, will continue to be responsible for having an effective management framework which includes appropriate controls. Internal audit is expected to contribute by reporting on those policies, processes and practices that are excessive, unnecessarily constrain management, and could\should be eliminated. Nevertheless, although IMAA, PS2000 and Shared Management Agenda indicate less intrusive control and greater reliance on reported results, both within departments and from the centre, being in control continues to be a sound and necessary management principle.

A well accepted model for an accountability structure within the management framework in a PS 2000 environment is still absent. However, this will not prevent Internal Audit, as the centre of expertise within the department, being expected to support the Deputy Head to structure and establish accountability mechanisms and report on their effectiveness.

Auditors will be expected to apply risk assessment techniques, risk management principles and to explain their linkage to management control

systems. Audit planning in this new environment should exhibit that reasoned risk assessment was employed in establishing and scoping Annual Audit Schedules. The schedules and scopes should be immediately evident as being a concrete contribution to the control and improvement of the management process.

Following on the heels of increased delegation is the mechanism for organizational reporting based on *Management Representations*.

Management representations\assurances\reports are becoming the major vehicle for reporting performance for accountability purposes. It is timely for auditors to begin to explicitly include, within the objectives and scoping of audit plans, that internal audit will provide assurance to the auditee and deputy head on the reliability and integrity of the underlying systems which feed the information incorporated in any management report. For example, the assurances provided by audits of Part III of the Estimates and broad based Financial Management Accountability statements offer this type of comfort to Deputy Heads.

The *Shared Management Agenda* inspired by the IMAA philosophy and the principles of Public Service 2000 is a recent addition to the fabric of accountability. The SMA concept is aimed at simpler, clearer, more efficient, more focused communication and cooperation between departments and TBS/OCG. A two way process based on trust, openness, simplicity and flexibility, the SMA gives TBS/OCG and departments a better context to engender cooperation through shared accountability.

Shared Management Agendum will consist of a mutually-agreed set of major department-specific goals to be achieved and issues to be dealt with over a one year period. They are intended to directly or indirectly address public service-wide goals of improved service to the public, better people management, innovation and empowerment. All of which is within an environment of continued restraint, pressure to reduce overhead and a planned move to operating budgets. This is an environment in which managers will continue to be expected and pressured to reduce administrative costs, increase revenues and carry out their activities more economically and efficiently.

Internal audit with its mandate for broad scope auditing is ideally situated to assist management to identify productivity issues, innovations and outdated practices and to make recommendations to achieve cost beneficial improvements. Deputy Heads who enter into an SMA with the Secretary of the Treasury Board may seek an independent appraisal of the achievement of these goals. In planning and scoping the Annual Audit Schedules consideration should be given to the fact that internal audit should be the Deputy Head's preferred choice to perform this task.

The government has made the *environment* one of its top priorities for the nineties. The Green Plan outlines Canada's strategy for fundamental changes that will determine how the environment will be managed both in the nineties and into the next century. The federal government is committed to adopting a Code of Environmental Stewardship in 1991 that will cover all aspects of federal operations and activities. Beginning in 1992, in co-operation with the Office of the Comptroller General, federal departments and agencies will be expected to implement policies and procedures for environmental auditing.

Internal auditors will be expected to pay particular attention to environmental audit. It currently appears that departments will be required to make commitments under the Code of Environmental Stewardship which will, at the very least, have to be taken into consideration in the internal audit planning process. Since environmental issues affect many sectors of activity examined by internal auditors, such issues will have to be considered when internal audits are being planned, their scopes established and resourcing requirements estimated. Appendix III should assist during the planning exercise.

Internal audit will be expected to bring to management's attention situations in which environmental audits of a more technical nature should be considered. It will be important to ensure that environmental audits conducted without the assistance of internal auditors do not overlap the activities of internal audit units.

1992-93 ANNUAL AUDIT SCHEDULE

A. AREAS OF TREASURY BOARD SECRETARIAT AND OFFICE OF THE COMPTROLLER GENERAL POLICY AUDIT INTEREST

A principle purpose of the GIAP is to afford the opportunity to the various branches of the Office of the Comptroller General and Treasury Board Secretariat to communicate their current and future areas of audit interest, priority concerns and general guidance on the conduct of internal audits. Appendix I is an aggregate of their input.

Several of the TBS\OCG branches also have provided a brief outline of their audit philosophy. This is helpful and, when coupled with the areas of interest of departmental management, the consideration of this information during the planning process, should enhance the likelihood of achieving the audit based information needs of the government.

For the most part the information is broadly stated by the Policy Centres. Therefore, as well as being a useful tool for audit planning, the information may also be useful to line management within your department.

As in previous GIAP's it must be emphasized that the central agencies are not "directing" that their particular areas of interest be included in audit plans. Rather, they have provided the information to keep open the communication with departments in the spirit of working together to provide the best possible service to the Canadian public.

To maintain the dialogue a meeting of the Interdepartmental Advisory Committee on Internal Audit {IACIA} has been arranged for the morning of November 27, 1991. The Deputy Secretaries {TBS} and Deputy Comptroller Generals {OCG}, or their designates, have been invited to the meeting to further elaborate on their policy centre's "audit philosophy", priority concerns, audit guidance and areas of audit interest. There will be an opportunity to question and seek clarification of areas covered in this document.

B SCHEDULES AND PLANS TO THE AUDIT AND EVALUATION BRANCH

As in prior years, copies of your 1992-93 Annual Audit Schedules, with accompanying scope statements, and Long-Term Audit Plans are requested. These should be sent to the Audit Reports Data Base Administrator, Evaluation and Audit Branch, by March 31, 1992.

Upon receipt, the 1992-93 Annual Schedules will be entered into the Audit Report Data Base. This information, along with the data on the approximately 2500 audit reports currently recorded in the Data Base, will then be available to the community for use in the audit planning process .

Unlike last year, there is no need for cross reference coding of planned audits to the policy centres' areas of audit interest. This information will be available on the Audit Report Data Base through key word search.

Enquiries about the submission of Annual Schedules and Long-Term Plans should be made to John Cameron (957-7055).

APPENDIX I

AREAS OF
TREASURY BOARD SECRETARIAT
AND
OFFICE OF THE COMPTROLLER GENERAL
POLICY AUDIT INTEREST

APPENDIX I.A

ACCOUNTING AND COSTING POLICY BRANCH {ACPB}

1.
POLICY AREA

Accounts Payable

SUGGESTED TIMING FOR AUDIT

1992-93 and subsequent years

CRITERIA

Although not part of a formal review, the Government Accounting Policy Division wishes to ensure that application of the Payment at Year-End (PAYE) policy is accurate and that departments and agencies are recording all liabilities, thereby avoiding any adverse comments from the Auditor General.

NOTES

The rationale for this is to ensure the accuracy of the Public Accounts. In particular, we wish to ensure that:

- all PAYE's are recorded, even if overspending results; and
- no invalid PAYE's are recorded in order to reduce or eliminate lapses.

CONTACT

Further information can be obtained from the Director, Government Accounting Policy Division at 957-9659

2.
POLICY AREA

Accounts Receivable

SUGGESTED TIMING OF AUDIT

1992-93 and subsequent years

CRITERIA

Although not part of a formal review, the Government Accounting Policy Division wishes to have confidence in the validity of non-tax receivables, net of any allowances for bad debts, which appear in the summary financial statements of Canada.

NOTES

The rationale for this is to ensure the accuracy of the Public Accounts and to avoid adverse comments by the Auditor General. In particular, we are concerned that:

- all accounts receivable are recorded;
- valid receivables only are recorded as "accounts receivable";
- loans, investments and advances are recorded as such; and
- appropriate allowances for bad debts have been established and recorded.

CONTACT

Further information can be obtained from the Director, Government Accounting Policy Division at 957-9659

3.

POLICY AREA

Cash Management

SUGGESTED TIMING FOR AUDIT

1992-93 and subsequent years

CRITERIA

Audits should address the effectiveness of all aspects of departmental cash management on a cyclical basis. In particular, the emphasis should be placed on the effectiveness of invoicing; accounts receivable management and collection activities; and depositing of receipts. Other areas of special interest include:

- o grant and contribution payments (TB Guide Chap 9, Sect 4);
- o contract administration (cash management considerations in the terms and conditions of contracts); and,
- o payment on due date.

NOTES

The audit reports will provide the Cash Management Division with information on the extent of compliance with and the effectiveness of key policies in the area of cash management. The emphasis placed on the subject by the audit community will encourage more effective cash management procedures in departments.

CONTACT

Further information can be obtained from the Director, Cash Management at 957-9658.

4.

POLICY AREA

Cost Accounting

SUGGESTED TIMING FOR AUDIT

1992-1993 and subsequent years.

CRITERIA

The Treasury Board User Fee policy was approved in December 1989 and is intended to pass on the costs of many products and services of government to those who directly benefit. For departments to implement this policy fairly and accurately, they must be able to measure the related costs correctly. In departments with significant User Fee charging, ascertain:

- o the accuracy of costs underlying the fees;
- o where errors in cost identification exist, identify trends and causes.

NOTES

Errors in cost measurement will lead directly to improper recovery from external users. Future guidance from OCG can be much better tailored if areas of weakness are identified.

CONTACT

For further information or clarification, please contact Barney de Schneider at 957-9684.

5.
POLICY AREA

Account Verification

SUGGESTED TIMING FOR AUDIT

1992-93 and subsequent years

CRITERIA

Audits should address the effectiveness of all aspects of the account verification policy to ensure that application of the new account verification framework, including statistical sampling, is appropriate.

NOTES

A revised account verification policy will be issued in 1991-92 that will provide departments with increased flexibility. The audit reports will provide Authorities and Internal Control Division with information for the assessment of any interpretation or implementation problems as well as to identify possible improvements to the policy.

CONTACT

Further information can be obtained from the Director, Authorities and Internal Control Division at 957-9692.

6.
POLICY AREA

Electronic Data Interchange (EDI) Pilots

SUGGESTED TIMING OF AUDIT

1992-93 and subsequent years

CRITERIA

The Authorities and Internal Control Division wishes to ensure that in every department where any EDI pilot will be conducted, the Internal Control Division is part of the project team.

NOTES

The participation of Internal Control in the pilot projects will provide them with an opportunity to develop expertise and to ensure that appropriate controls are being implemented in the course of the project.

CONTACT

Further information can be obtained from the Director, Authorities and Internal Control Division at 957-9692.

7.
POLICY AREA

Acquisition Cards

SUGGESTED TIMING FOR AUDIT

1993-94 and subsequent years

CRITERIA

Audits should address the effectiveness of all aspects of departmental use and control of the acquisition card. In particular, the emphasis should be placed on

increased efficiency of the procurement processes, and the adequacy and efficiency of the reconciliation and payment of monthly billing statements.

NOTES

Formal monitoring of the policy will be conducted in the Fall of 1992, however, this monitoring will not address control issues per se but will require departments to prepare a management letter commenting on the implementation within the department. Audit reports would support the management letter concept introduced in the policy.

CONTACT

Further information can be obtained from the Director, Authorities and Internal Control at 957-9692.

8.

POLICY AREA

Electronic Authorization and Authentication (EAA)

SUGGESTED TIMING FOR AUDIT

1993-94 and subsequent years

CRITERIA

In every department where an EAA pilot will be conducted, Internal Control should be part of the project team.

NOTES

The participation of Internal Control in the pilot projects will provide them with an opportunity to develop expertise and to ensure that appropriate controls are being implemented in the course of the project.

CONTACT

Further information can be obtained from the Director, Authorities and Internal Control at 957-9692.

APPENDIX I.B

PERSONNEL POLICY BRANCH {PPB}
HUMAN RESOURCE MANAGEMENT {HRDB}

{Combined input by Personnel Policy Branch and Human Resources Development Branch)

The PS2000 White Paper has proposed major cultural changes in the Public Service. Its vision of a revitalized client-oriented Public Service has fundamental implications for the management of human resources in the Public Service.

As a result, we need to rethink many of our traditional ways of doing business and the way we treat people who work in the Public Service. The accepted values of economy, effectiveness, efficiency, prudence, probity and equity must be balanced with the emphasis on service-oriented innovation, results and responsiveness, and personal accountability.

While audit requirements for human resource management will evolve over the next GIAP cycle, audit requirements for existing personnel policies will remain the same. The Public Service Commission will continue to audit eight key policies on behalf of Treasury Board.

The eight key policies, their respective audit guides and the OPI contacts are:

Job Evaluation	OCG Guide 304	Michel Papineau (PPB)	952-3165
Staff Training	OCG Guide 307	Martin Flood (HRDB)	952-3097
Sick Leave	Draft Guide	David Swayze (PPB)	952-3265
Work Force Adjustment	OCG Guide 301	Bernard Brodie (PPB)	957-2681
Human Resource Planning	OCG Guide 301	John Hilton (HRDB)	952-3107
Employment Equity	OCG Guide 301	Nicole Deschênes (PPB)	952-3145
Performance Review	OCG Guide 301	Jill LaRose (HRDB)	952-5249
Conflict of Interest	Not yet available	Michael Vaughan (PPB)	957-2680

Departments are not required to audit aspects of personnel management planned for audit by the Commission. However, the one policy area that departmental audit groups should audit, as part of their regular review of personnel management, is compensation (pay and benefits), as it is not audited by the Commission.

Toward this end, the following information should be noted:

POLICY AREA

COMPENSATION (Pay and Benefits)

SUGGESTED TIMING

Every four to six years

CRITERIA

OCG Audit Guide 305

CONTACT

Tom Smith 952-3206

Audit information provided to PPB and HRDB are used for four purposes:

1) **to provide indicators of the effectiveness of both existing personnel policies in their evaluation and review, and future directions for human resource management, to both Personnel Policy Branch and the Human Resource Development Branch**
2) **to provide information, guidance and support to departments for improving human resource management**
3) **to provide information on departmental performance which assists in fulfilling accountability to the Treasury Board and to allow TB to discharge its responsibilities**
4) **to help in the Secretariat's annual assessment of departmental and deputy head performance in the area of personnel management for input to the Committee of Senior Officials (COSO).**

With the shift away from policy direction from central agencies, towards delegation and guidance to the departments, our audits must shift their focus from compliance with policy to support for improved results in providing service to the public and in managing our human resources. This process has already begun as departments increasingly recognize the human resource implications of all audits, operational, financial and personnel alike, as an integral component of accountability focused on results rather than process. This linkage of human resources with all aspects of departmental operations will become more critical in the coming years.

Both departments and the Treasury Board Secretariat are moving ahead with projects designed to examine the current human resource environment and develop innovative ways to provide better service, enriched work environments and overall cultural changes. Both will need to assess their progress in bringing about change in the way we manage people.

To facilitate this change, the Human Resources Development Council {HRDC} was established to foster improved service to the public through better human resource management. In carrying out this task, the HRDC has identified a number of areas for priority focus over the next three years: recruitment, employment equity, deployment, career counselling, training and development, empowerment, performance standards and performance rewards. For next year, the identification of policies for audit will be reviewed in light of these priority areas.

The establishment of the HRDC recognizes the paramount importance the Public Service places on people as the key to the improved delivery of government services. The activities of the Council and the implementation of PS 2000 recommendations in support of this objective will have an impact not only on the way we audit personnel policies but on the relative importance of the policies themselves.

APPENDIX I.c

ADMINISTRATIVE POLICY BRANCH {APB}

The Administrative Policy Branch {APB} is committed to improving the quality of administrative management in the federal Public Service and to assisting departments to better deliver programs and services to Canadians. To fulfil this mandate the Branch undertakes four important functions: policy development, policy advice, coordination and review, and accountability. We are accountable for developing government administrative policies, for reviewing their effectiveness and their impact on government and department objectives, and for monitoring the quality of administrative management in departments. We are also accountable for providing leadership and support to departments to implement policies. However, we are not accountable for the implementation of policies in departments.

Departments are first and foremost accountable to their Ministers for the delivery of their mandates and programs. Departments should implement administrative management policies in the context of their overall operational and legislative requirements. Departments have to balance collective management concerns with the requirements of their specific departments and thus determine the best way to implement APB policies and guidelines.

The departmental review community fulfils a key role in providing departmental management with information to assist them to deliver their mandates and programs. The Administrative Policy Branch/TBS will continually review and assess administrative policy. It will monitor the achievements of departments. It will do so to acquire data to identify both successes and potential or actual problems and to ensure that adequate, sound information is available to work realistically and cooperatively with clients to arrive at effective administrative solutions. Review and assessment is an essential component of the APB function of acting as consultants and change agents in support of Treasury Board and departments and agencies.

Thus APB is establishing a system of departmental profiles put together by Branch teams consisting of officers from all major APB policy areas. Each profile is being prepared under the direction of a team leader. Mrs. Chris Dodge (957-2484) is responsible for the departmental profile system and will be pleased to provide information and briefings to individual departments upon request.

Departmental profiles are an easily-accessible, concise source of key information on the implementation of TB administrative policy in departments. The key information is comprised of factual sources and value judgements made by the responsible APB policy officers. The focus is on policy areas of highest relevance, materiality, or risk to the delivery of programs in the department or achievement of government wide objectives. The information is obtained initially from existing documents, including the reports of the Auditor General, departmental audit and evaluation reports, departmental annual reports, memoranda of understanding, annual management reports, the Main Estimates, the Public Accounts and TB submissions and decision letters.

Thus the audits and audit plans of departments assume even greater importance for the Branch than before. We are using them to help develop the profiles. We intend to discuss the draft profiles with departments to improve our understanding of how administrative policies are implemented in departments and identify areas where APB can contribute to assist departments to better deliver programs and services.

To provide guidance in planning an audit or evaluation review key implementation questions are laid out in the review guides for specific APB policies. These review guides are now being developed. The material management review guide and the communication review guide are available through the OCG. Key questions may also be found in the monitoring section or the guidelines attached to recently revised APB policies. Some key questions follow. Further, APB officials would be pleased to discuss these matters with departments if so requested.

Thus, this year APB is not suggesting that departments undertake any special APB audits in addition to what they themselves are proposing to undertake. However, APB expects that departments will regularly include APB policies in their audits with the frequency of auditing APB policies dependant on the risk and relevance entailed in implementing the policy in a particular department or program.

1.
POLICY AREA

Communications
- *Management of communications*
- *Federal identity*

SUGGESTED TIMING FOR AUDIT

1992-93

CRITERIA

The policy requirements are contained in Communications volume of the Treasury Board Manual. The policy centre (Information Management Practices), in conjunction with the Office of the Comptroller General, will issue a Communications Review Guide in 1991. This guide will be included in the OCG's internal audit guide series.

NOTES

There are no reporting requirements in either one of the two policies. The policy centre anticipates using the audit and review function as a means of monitoring the implementation of the policies. The results of the audits and reviews will be used by the policy centre to inform ministers and senior management on the management of communications and the Federal Identity Program in the government, as well as to assist the centre in identifying the need for modifications to the policies.

2.
POLICY AREA

Information Management

a) *Management of information*
b) *Holdings*
c) *Access and privacy*

SUGGESTED TIMING FOR AUDIT

a)&b) 1995-96

c) . 1992-93

CRITERIA

a) & b) No formal criteria exist at the present time. It is expected that a working group, chaired by National Archives, will commence development of an Management of Government Information Holdings {MGIH} Guide in November 1990.

c) No formal criteria exist at the present time. Once the Access To Information and Privacy {ATIP} policies have been issued, development of the ATIP Review Guide can commence. No definite timetable for its completion has yet been established.

NOTES

a) & b) The original timing proposed for the audits were unrealistic. This will be a very complex policy to implement, particularly because no incremental resources will be provided to departments.

c) At the present time, one of the most common types of complaint to the Information Commissioner relates to failure by departments to respond to requests received under the Access to Information Act within the statutory time frame.

3.

POLICY AREA

Security

SUGGESTED TIMING FOR AUDIT

1992-93

CRITERIA

In June 1990, the policy centre (Security Group, Administrative Policy Branch), in conjunction with the Office of the Comptroller General, issued a Guide to the Audit of Security, in the OCG's internal audit guide series. The specific aspects of security that are to be audited are covered in the Audit Guide, in the objectives, criteria and audit procedures; these include administrative and organizational security, physical, personnel and information technology security.

NOTES

There are no reporting requirements attached to the Security Policy; internal audit reports are used by the policy centre to help in meeting its requirement to report to ministers on the state of security across government and the progress of implementation of the broad requirements of the policy. Shortcomings or problems identified in internal audit reports provide useful feedback to the policy centre and can lead to modification to the policy. The results of internal audit also provide input to the IMAA negotiation process.

4.

POLICY AREA

Contracting

- Contracting generally

- Consulting and professional services

SUGGESTED TIMING FOR AUDIT

1992-93

CRITERIA

The most important audit criterion is the degree to which competitive contracting has been achieved in terms of number of contracts and in dollars. This could be complemented by the number of cases in which tenders were not sought or obtained without adequate justification or other supporting narrative.

Other possible criteria are:

- **cost performance as measured by contract cost overruns, number and amounts of amendments;**
- **reasonableness of rates for the services of individuals; e.g. was the Crown charged at a rate equal to or lower than those the individuals command in the private sector market place?**
- **have customer/client objectives been met regarding quality of work or products and on-schedule delivery (client satisfaction)?**
- **have pre-defined socio-economic objectives been met?**
- **the number of public and private sector complaints (or degree of absence of same) regarding contract evaluations and awards; i.e. a measure of the Crown's performance with respect to its duty to be open and fair;**
- **are there any contract monitoring, review and quality assurance systems in place e.g. contract review boards, reporting systems, quality control checklists, etc.?**
- **is internal auditing on contracting performed on a regular, scheduled basis and when the need is evident?**
- **have necessary approvals been obtained on time? (retroactivity);**
- **Treasury Board observations in decision letters regarding quality of submissions, contracting proposals and performance and policy compliance;**
- **the degree of contracting with former government officials as compared with others, abatement exceptions and other policy exceptions (policy on contracting with former government officials);**
- **have professional contracting personnel been used throughout the contracting process?**

NOTES

The timing will coincide with the first annual contracting report requested by Treasury Board to begin on April 1, 1992.

5.

POLICY AREA

Risk

- Management of risks

SUGGESTED TIMING FOR AUDIT

1992-93

NOTES

The policy is under revision.

BUREAU OF REAL PROPERTY MANAGEMENT {BRPM}

Questions should be addressed to Bill Lye for Revenue Opportunities at 957-0206, Jim Hamilton for Real Property Accessibility and the Conveyance of Real Property at 957-2507 or Glynnis Thomas French at 957-0204 for Investment Planning.

1.

POLICY AREA

Investment Planning

SUGGESTED TIMING OF AUDIT

1992/93 or 1993/94

CRITERIA AND ISSUES OF INTEREST

It is the policy of government that custodian departments acquire, maintain, preserve and dispose of real property to the maximum long term economic advantage of the government. Has your department:

used a process for systematically assessing the condition of its real property inventory and implemented required renovations; and developed a long-term capital plan and invested in real property consistent with the principle of obtaining the best economic value and best contribution to program objectives with available resources.

Why Request is a Priority

It is a concern of the Bureau of Real Property Management that departments review their real property, develop appropriate investment plans and adopt appropriate investment techniques to obtain the best economic value and contribution to program objectives from their inventory. This assures BRPM that priority setting processes are in place which consider trade-offs between various investment options and which consider the impact of different investment scenarios on the inventory.

Long Term Audit Plans

The Investment Planning process is ongoing and must be revised annually. If the internal audit for the year 1992/93 or 93/94 reveals that a proper management process is in place the internal audit of the Investment Planning can then be reviewed subsequently at least once every five years.

Intended Use of Information

The results of the internal audits will form part of the annual assessment of the real property inventory conducted annually by BRPM and will assist in the custodian assessment process.

Notes

TBS (Program Branch) suggested in both the 1990/91 and 1991-92 Call Letters audits of Capital Planning and Management with particular emphasis on the state and management of capital and infrastructure. Departments may wish to integrate that audit with the audit of real property of Investment Planning.

For information read:

- **Chapter III and Appendix C of the TB Manual, Real Property Management; and**

- Treasury Board Circular 1983-25.TBS (Program Branch) suggested in both the 1990/91 and 1991/92 Call Letters audits of Capital

CONTACT

Glynnis Thomas French 957-0204
Director - Portfolio Management - Investment.

2.

POLICY AREA

Revenue Opportunities

SUGGESTED TIMING OF AUDIT

1992/93 or 1993/94

CRITERIA AND ISSUES OF AUDIT INTEREST

It is the policy of government that custodian departments seek to earn revenue from their real property holdings and dispose, transfer any interest in real property to reflect its market value. Has your department:

taken action when real property is not required for program purposes, to sell it;

sought opportunities to earn revenue by making the highest possible use, consistent with the program use and compatible with local land uses, of the real property being administered by it; and

for all dispositions or transfers of federal real property reflected the market value of the real property?

Why Request is a Priority

It is a concern of the Bureau of Real Property Management that departmental land that is no longer required for program purposes is declared surplus and sold to obtain the best economic returns to the Crown and to contribute to the current deficit reduction initiatives.

Long Term Audit Plans

The obtaining of Revenue opportunities is an ongoing process. If the internal audit for 1992/93 or 93/94 reveals that a proper management process is in place, the internal audit of Revenue Opportunities can then be reviewed once every five years. Major urban landholders should be scheduled early in the process given long lead times to dispose of the larger parcels (DND, TC, Agriculture, Correctional Services).

Intended Use of Information

The results of the internal audits will form part of the annual assessment of the real property inventory conducted annually by BRPM and will assist in the custodian assessment process.

Notes

For information read:

- Chapter IV and Appendix E of the TB Manual, Real Property Management (to be published early in 1991); and
- TB External User Charges for Goods, Services, Property, Rights and Privileges Policy of August 1990.

Contact

William Lye 957-0206
Director - Portfolio Management - Land Use.

3.

POLICY AREA

Real Property Accessibility

SUGGESTED TIMING OF AUDIT

To be completed in fiscal 1994-95

CRITERIA AND AREA OF AUDIT INTEREST

It is government policy to provide barrier-free access to and use of Crown-owned or federally leased property. Has your department:

used the Barrier-Free Design Standard (1985) and/or the Canadian Standards Association Standard B-651 when implementing access;
reached the target dates for your facilities as outlined in your Implementation Plan; and
taken any temporary measures to achieve accessibility?

Why Request is a Priority

It is a concern of the Bureau of Real Property Management that the highest percentage of federal facilities possible be made accessible to conform to the Charter of Rights and Freedoms which prohibits discrimination on the basis of physical disability. Also the Federal Government has committed to provide full accessibility by 1994/95.

Long Term Audit Plans

The review of federal facilities for accessibility is an ongoing process once the 1994/95 deadline is met.

Intended Use of Information

The results of the internal audits will form part of the annual assessment of the real property inventory conducted annually by BRPM and will assist in the custodian assessment process.

Notes

For information read:
Chapter VI and Appendix D of the TB Manual, Real Property Management;
The Accessibility Standard (Barrier Free Design: Access to and use of buildings by physically disabled people, Public Works Canada - 1985); and
The Canadian Standards Association Standard B-651.

Contact

Jim Hamilton **957-2507**
Director - Management Reform

4.

POLICY AREA

Conveyance of Real Property

SUGGESTED TIMING OF AUDIT

The policy to be issued in early 1992 will require that an audit be <u>completed</u> of each custodian department within 30 months of the issuance of the policy.

CRITERIA AND ISSUES OF INTEREST

It is government policy to convey, and be seen to convey, real property in a fair and open manner. Has your department:

determined in every acquisition and disposition whether soliciting offers was required;

where a solicitation of offers was not made,

- **was there a pressing emergency in which delay would be injurious to the public interest; or**
- **was not in the public interest to have a solicitation of offers;**

made a market-price comparison to determine that the consideration payable or receivable by the government was justified in relation to the market value; and

accepted the offer representing the best value or lowest price (acquisitions) or highest revenue (disposals), as appropriate?

Why Request is a Priority

It is a concern of the government that the departments be seen to convey real property in a fair and open manner. Also post-compliance auditing is to take the place of TB submissions as a control measure for most transactions.

Long Term Audit Plans

Once the 30 month deadline is met after the issuance of the policy the internal audit of departmental policies is ongoing to ensure that the highest number possible of conveyances meet the tests of public accessibility transparency and competitiveness.

Intended Use of Information

The results of the internal audits will form part of the custodian assessment process and, given its profile, will likely form a part of the annual assessment of Deputy Minister performance.

Notes

The legal and policy framework for the acquisition, transfer and disposal of real property is in the final review stage and is likely to be fundamentally changed through a new Federal Real Property Act and related regulations and TB policies. The TB policy will be contained in Chapter V of the TB Manual, Real Property Management.

If this new structure is implemented in 1991-92 as planned, a system wide audit will be initiated within 30 months.

For information on existing policy read:

Chapters 112 and 118, TB Administrative Policy Manual;
TB Manual, Contracting volume;
the Leasing and Licensing Regulations; and
Public Land Grants Act.

Contact

Jim Hamilton **957-2507**
Director - Management Reform

APPENDIX I.D

PROGRAM BRANCH {PB}

Since departmental management teams are the primary clients for internal audit reports, Program Branch is not inclined to be overly prescriptive with respect to audit planning. However, departments should be aware that such reports do form part of the background material for PB's review of departmental operating plans.

Program Branch does not want departments to wait for PB reaction to the reports produced at their initiative. Program Branch wants departments to use their own audit results to point the way to continually improve the effectiveness of their programs and to increase productivity wherever possible. It is becoming ever more evident that budget restraint will be a continuing reality for departments and it is in their best interest to use every tool at hand in that context.

It is expected that departments will ask themselves the right questions when assessing their programs so they can propose and implement changes which will bring those programs into greater harmony with government-wide as well as departmental objectives. More particularly, it is hoped that in planning and conducting audits departments will ask themselves questions of the following type:

- Does the program continue to respond to an area of clear federal responsibility?
- Is the program in conflict with or duplicative of other programs, be they federal or provincial?
- Does the program distort the operations of the marketplace for other than explicitly targeted social or economic objectives?
- Would privatization or contracting-out provide more effective or efficient service delivery?
- Are their areas where user fees would be more appropriate than continued funding through the general tax base?
- Are grant and contribution programs fostering ever increasing dependence on government funding?

APPENDIX I.E

OFFICIAL LANGUAGES BRANCH (OLB)

OLB has chosen to rely very heavily on the internal auditors to audit the Official Languages Program. The Branch will continue to provide a co-ordination and consultation service to internal auditors. Adequate audit coverage is essential given the legal obligations placed on each federal institution by the 1988 Official Languages Act and by the possible recourse to the Federal Court for the public and federal employees provided for under this Act.

OLB plans to use the Audit Report Data Base regularly as an information source in the negotiation of Letters of Understanding and in the review of Annual Management Reports.

CONTACT

Raymond Teillet (952-2903)

PARTICULAR AREAS OF INTEREST

1. Service to the Public

In the spirit of Public Service 2000 and given the obligation for providing quality services in both official languages in accordance with the Official Languages Act, federal institutions must be fully aware of or determine the linguistic needs of their clientele. It is now more critical than ever that the official language obligations be a fully integrated part of each organization's delivery of service.

It is therefore important that the official languages component be included in all client service related audits.

2. Language of Work

There are two main areas on which information is required to ensure that the obligations arising from sections 35, 36, and 37 are being met: 1) internal services, in particular the availability and quality of service in each official language, as well as satisfaction in the organization, to gain a better understanding and knowledge of its internal language regime (actual language use and conducive environment) and to identify any systemic blockages to the use of either official language in the workplace.

SPECIFIC ISSUES

1. **Article 91: Official Languages Act (Staffing)**

   - Article 91 has been the subject of several complaints to the Commissioner of Official Languages some of which have reached the Federal Court.

   - We must ensure that in the staffing of positions the language requirements are established on realistic operational needs.

2. **Articles 11 and 30: Official Languages Act (Use of English and French media)**

   - OLB has recently issued an interpretation to these two articles in a letter to Deputy Heads and chief Executive Officers. This subject will continue to be followed closely by the minorities, particularly the minority press, as well as the Commissioner of Official Languages.

3. **Article 36 (1)(b): Official Languages Act (Automated systems)**

   This is a new obligation of the 1988 Act that includes a January 1, 1991 time frame. It is also the subject of a specific policy (TB 1988-31) with a detailed implementation schedule. At this point in time we have very little information on its implementation across public service.

APPENDIX I.F

FINANCIAL MANAGEMENT AND INFORMATION SYSTEMS BRANCH

1.

POLICY AREA

Financial Management Reporting
- Audit of Part III of the Estimates

SUGGESTED TIMING OF AUDIT

1991-92 and thereafter at least every five years.

CRITERIA

The audit should concern itself with:

the integrity of the data and information contained in Part III;
the departmental processes;
procedures and controls relating to its preparation; and
the presentation of the document for conformity with OCG content, presentation and submission requirements.

These criteria are specified in Guide 108 - Guide to an Audit of Part III of the Estimates published by the OCG. It should be noted that the control objectives and criteria in the Guide may also be used in the audit of underlying systems, programs and functions, in evaluating the original and roll-up of Part III information.

NOTES

This audit cannot, at any one point, assure the integrity of underlying financial, operating and planning systems. However, the overall plan of audit must ensure that the concern for the integrity of the information and data in the Part III is properly addressed during the regular audit cycle. Such assurance will be required in support of departmental "Management Representations" for the Part III of the Estimates.

2.

POLICY AREA

Classification and Coding

SUGGESTED TIMING OF AUDIT

There is no fixed time-frame. Rather, there is a continuing need to know that the quality of the data in departmental systems, which is in turn provided to central systems, is reliable, timely and as accurate as possible.

It is expected that results from audits will be reported on an exception basis, i.e. it is assumed that the quality of departmental data is good unless the division learns to the contrary. If knowledge of problems in a department is obtained, contact will be made to determine what is being done to improve the quality of the data. On the other hand, confirmation that the quality of departmental data has been reviewed annually by departmental audit groups is not required.

Purpose

To encourage internal audit groups in departments and agencies to include a review of the classifications and coding used in departmental systems, and on the quality of the individual coded transactions, as part of their internal audit plans.

Long-term Plans

The review of departmental classifications can be done on a cyclical basis, though internal audit groups should be involved at any time that a department makes major classification and coding changes due to new or revised departmental management or central agency requirements.

Immediate and On-going Concerns

The review of departmental coding done by the various responsibility centres should be done on an annual basis, as part of a regular audit that internal audit groups are doing in a branch, region, area, etc. to ensure the coding is of an appropriate quality, timeliness, etc.

Requirements

A. Issues The policy aspects of concern are twofold:

1. departments have implemented and continue to meet the basic T.B. policy requirements set out in section 3.1 of the Chart of Accounts Manual.
2. departments are relating departmental classifications to the related government-wide classifications prescribed by Treasury Board, viz.(with Chart of Accounts Manual sections),
   - government-wide list of programs and activities (sec 6.1)
   - government-wide list of objects (sec. 8.1)
   - identification of internal transactions by standard object (sec. 8.4)

B. Rationale for Request

1. The OCG requires departments to have certain classifications in departmental systems as a good management practice. Such policy requirements have existed since 1973 in the Guide on Financial Administration. In addition, departmental classifications (should) support information included in the central systems. This will become even more important once the F.I.S. is implemented, as central agencies will be totally dependent on the detailed data in departmental systems to support the summarized data in the central systems.
2. The government-wide classifications in the central systems are used for several purposes:

   a) preparation of monthly and annual financial statements for Parliament and taxpayers generally from the Accounts of Canada. Such statements include the Monthly Statement of Financial Operations, and the audited Financial statements of the Government of Canada included in the Public Accounts.

   b) central agency and other requirements for government-wide or corporate data. This data is used by Finance, TBS (Program, Personnel Policy and Administrative Policy branches), OCG (ACPB and FMISB), PCO, SSC, Statistics Canada and the Bank of Canada to meet various information needs.

Key criteria to be used, or questions to be posed

The criteria relate to compliance with an existing policy (policies), which have now been included in the Chart of Accounts Manual.

CONTACTS

Greville Price at 952-3404 on classification and coding concerns, and Ernie Simon at 957-7041 on general quality and monitoring concerns.

APPENDIX II

EXTERNAL AUDIT PLANS

The Office of the Auditor General, the Public Service Commission, the Office of the Commissioner of Official Languages and the Privacy Commissioner of Canada have supplied drafts of their 1992-93 audit plans. Changes to these draft plans may be occur before they are finalized. Copies of the approved plans will be distributed when they are available.

APPENDIX II.A

PUBLIC SERVICE COMMISSION

The 1992-93 Plan for the PSC is in draft and subject to possible change.

ACO Atlantic Canada Opportunities Agency
Agence de promotion économique du Canada atlantique

ARC National Archives of Canada
Archives nationales du Canada
With/avec: National Library of Canada
Bibliothéque nationale

AUD Office of the Auditor General of Canada
Bureau du Vérificateur général du Canada

CEO Office of the Chief Electoral Officer
Bureau du directeur général des élections

CLR Canadian Labour Relations Board
Conseil canadien des relations de travail

COM Department of Communications
Ministère des Communications

CSA Canadian Space Agency
Agence spatiale canadienne

DFO Department of Fisheries and Oceans
Ministère des Pêches et des Océans
With/avec: Fisheries and Oceans Research Advisory Council
Conseil consultatif de recherches sur les pêcheries et les océans

EMR Department of Energy, Mines and Resources
Ministère de l'Énergie, des Mines et des Ressources
With/avec: Energy Supplies Allocation Board
Office de répartition des approvisionnements d'énergie

ENR National Energy Board
Office national de l'énergie

EPC Emergency Preparedness Canada
Protection civile Canada

HRC Canadian Human Rights Commission
Commission canadienne des droits de la personne

IAN Department of Indian Affairs and Northern Development
Ministère des Affaires indiennes et du Nord canadien

IRB Immigration and Refugee Board
Commission de l'immigration et du statut de réfugié

MBC Department of Multiculturalism and Citizenship
Ministère du Multiculturalisme et de la Citoyenneté

NHW Department of National Health and Welfare
Ministère de la Santé nationale et du Bien-être social

PEN Correctional Service of Canada
Service correctionnel du Canada

PSC Public Service Commission
Commission de la fonction publique

SOL Department of the Solicitor General
Ministère du Solliciteur général
With/avec: Royal Canadian Mounted Police External Review Committee
Comité externe d'examen de la gendarmerie royale du Canada

Royal Canadian Mounted Police Public Complaints Commission
Commission des plaintes du public contre la gendarmerie royale du Canada

SRB Public Service Staff Relations Board
Commission des relations de travail dans la fonction publique

STC Statistics Canada
Statistique Canada

TAX Department of National Revenue (Taxation)
Ministère du Revenu national (Impôt)

WCO Department of Western Economic Diversification
Ministère de la Diversification de l'économie de l'ouest

APPENDIX II.B

AUDITOR GENERAL OF CANADA

Chapters for 1992

1. DND - Reserves
2. DND - Major Capital Projects
3. RCMP - Contract Policing
4. RCMP - Wide Activities
5. EMR - Resource Incentive
6. CEIC - Canadian Job Strategy
7. CIDA - (Country - Phase 1)
8. Leadership & Learning Organizations
9. Equalization (Finance)
10. Privatization and Regulatory Affairs
11. Finance - Commitments
12. FMC - Control and Accountability
13. Taxation - Rulings and Appeals
14. C&E - Anti-Dumping and Appeals
15. GST Registration
16. Search and Rescue
17. EDP Opportunity
18. Information for Parliament - The Public Accounts
19. Audit Notes
20. Follow-up
21. Observations
22. Matters
23. OAG

APPENDIX II.c

OFFICE OF THE COMMISSIONER OF OFFICIAL LANGUAGES

The following list of planned audits for 1992-93 is in draft version and may be amended.

Name of Institution Nom de l'institution	Area to be covered Domaine visé	Timeframe Période
Audits/Vérifications		
Défense nationale/ National Defence	Participation équitable Equitable participation	Avril 92-Nov.92 April 92-Nov.92
Conseil économique du Canada/Economic Council of Canada	Service au public et langue de travail/Service to the public and language of work	Mars 92-Jan.93 Mar. 92-Jan.93
Customs & Excise/Douanes et Accises (GST/TPS)	Service to the Public/ Service au public	Jan. 92-Aug. 92 Jan. 92-août 92
Commission de la fonction publique/Public Service Commission	Formation/training Service à la clientèle / Service to clientèle	Avril 92 - Mars 93 April 92 - Mar. 93
Approvisionnement et Services / Supply and Services	Politique d'achat et se4rvices aux fournisseurs / Purchasing policy and service to suppliers	Avril 92 - Dec. 92 April 92 - Dec. 92
Transports Canada Transport Canada	Formation / Training	Avril 92 - Sept. 92 April 92 - Sept. 92
Monnaie Royale / Royal Mint	Service au public / Service to the public	Avril 92 - Sept. 92 April 92 - Sept. 92
Revenue Canada - Taxation Revenu Canada - Impôt	Service to the public / Service au public	1992-93

Emploi et Immigration / Employment & Immigration	Service au public / Service to the public	1992-93
Environnement Canada / Environment Canada	Service au public / Service to the public	1992-93
Secretary of State / Secrétariat d'État	Service to the public / Service au public	1992-93
Transport Canada - Coast Guard / Transports Canada - Garde côtière	Service to the public / Service au public	1992-93

APPENDIX II.D

PRIVACY COMMISSIONER OF CANADA

The 1992-93 Plan is in draft and may be subject to change

List of tentatively scheduled audits

- External Affairs
- Veterans Affairs Canada
- National Capital Commission

List of potential audits

- Bank of Canada
- Canada Labour Relations Board
- Canadian Institute for International Peace & Security
- Canadian International Development Agency
- Canadian Radio-TV & Telecommunications
- Consumer & Corporate Affairs
- Department of Communications
- Department of Justice
- Department of Labour
- Energy, Mines & Resources
- External Affairs Canada
- Farm Credit Corporation
- Indian & Northern Affairs
- Medical Research Council of Canada
- National Energy Board
- Office - Auditor General
- Public Service Staff Relations Board
- Secretary of State
- Statistics Canada

APPENDIX III

ENVIRONMENTAL AUDITING

The Canadian Environmental Protection Act, (Part IV), provides for guidelines and regulations to ensure that federal facilities follow practices and standards being asked of others in Canada. In December 1990, the federal government went further and released Canada's Green Plan for a healthy environment. Chapter VII of the Plan, dedicated to the government practising what it preaches, is entitled "Starting in Our Own House: The Federal Environmental Stewardship" and sets the agenda for Federal departments and agencies.

The Green Plan recognizes the federal government's environmental responsibilities with respect to its own operations and procedures through its commitments to adopting, in 1991, a Code of Environmental Stewardship. Departments and agencies are to develop environmental action plans related to environmental initiatives to promote environmentally sensitive practices, reducing resources used and undertaking remedial action to upgrade facilities to current environmental standards. The government is prepared to be publicly accountable, as each department will be accountable for implementing the Code and preparing its own report.

The Green Plan also commits Federal departments and agencies, beginning in 1992, to implement policies and procedures for environmental auditing in cooperation with the Office of the Comptroller General.

Environmental audit is recognized as part of the overall departmental or agency management accountability process and will be an important part of the strategy for the ongoing monitoring of overall progress to be exercised by the new Office of Environmental Stewardship of Environment Canada.

Environmental audits, as part of the overall departmental or agency management process, can verify compliance with action plans as well as compliance with existing federal and provincial regulations, codes of practices and other "best practices."

Environmental issues are pervasive and can cover any part of a wide spectrum of activities. The environment should be a consideration in the scoping of every internal audit. Audit planning should also consider whether audits should be undertaken that focus primarily on environmental issues. These can range from: a corporate-level review of the department's management of its environmental responsibilities; to audits that focus on specific issues of an environmental nature; to evaluating the potential for environmental degradation and the need for site-specific environmental audits; to assessing the quality or summarizing the results of site-specific environmental audits conducted/contracted by program management; to actually conducting or more likely managing or contracting these more technical site-specific environmental audits.

Environmental audits to date have been mostly site-specific and conducted for program management. Internal audit has a responsibility to advise management on whether these site-specific audits are carried out where warranted by the nature of the operations, their quality, and whether there is any unnecessary duplication of coverage provided by other review mechanisms. There is also a responsibility to ensure that any recurring issues are brought to the attention of corporate management. While such site-specific audits are more normally conducted for program management, internal audit may be requested to include such audits in their audit plans.

In summary, internal audit should be in a position to be able to reassure the DM that:

- the department or agency Environmental Management Framework is being developed/implemented, is meeting the specific operational needs of the department or agency, is understood by all relevant parties, and that mechanisms are/will be in place and used for its monitoring.

- cost- effective controls are in place/or planned to be developed to protect the safety of environmental operations and employees, and could provide an effective defence for due diligence argumentation in case of prosecution.

- the departmental or agency employees understand and report appropriately on their environmental responsibilities and are knowledgable of their potential liabilities under the laws.

- the departmental managers make decisions in light of timely, relevant and reliable information, including analysis and advice on potential hazards.

- employees are properly trained and educated in relevant subject matters related to the natural environment and employee health and safety.

- the departmental or agency environmental plan is being properly developed.

- the departmental or agency annual environmental report reflects progress related to the environmental plan including the status of environmental audits and major audit recommendations.

- policies and procedures for environmental auditing are developed and implemented, beginning in 1992.

For further information contact Al Whitla {957-7030} or Marthe Doyle {957-7027}